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# AN ANALYSIS OF NON-PERFORMING ASSETS IN INDIA'S PRIVATE BANKING INDUSTRY

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**ABSTRACT**

This study aims to investigate non-performing assets (NPAs) in India's private banking industry. The research objectives include analysing and comparing the NPAs of selected private sector banks in India. The sample for the study comprises five prominent private sector banks, namely Axis Bank Ltd, HDFC Bank Ltd, ICICI Bank Ltd, IndusInd Bank Ltd, and Kotak Mahindra Bank Ltd. The study utilizes financial data from the years 2012-13 to 2021-23 to examine the trends and patterns of NPAs in these banks. By conducting a comprehensive analysis of NPA levels, composition, and ratios, this study aims to provide insights into the NPA performance of private sector banks in India. The findings of this research will contribute to a better understanding of the NPA landscape in India's private banking industry and may inform strategies for effective NPA management in the sector.

**KEYWORDS:** Bank, NPA, Private Sector Banks, Non-Performing Asset

## 1. INTRODUCTION

### 1.1 NON-PERFORMING ASSETS

Non-performing assets (NPAs), also known as bad loans, are a significant concern for the banking industry worldwide, including in India. NPAs refer to loans or advances given by banks or financial institutions that have stopped generating income for the lender. These loans are considered non-performing when the borrower fails to make interest or principal payments for a specified period, typically 90 days or more.

In the Indian context, the issue of NPAs has gained significant attention in recent years, particularly in the banking sector. Several factors have contributed to the rise in NPAs in India, including economic slowdown, policy changes, corporate governance issues, and structural challenges in specific sectors such as infrastructure and power.

Here are some key points regarding non-performing assets in India:

- Classification of NPAs: The Reserve Bank of India (RBI) has established guidelines for the classification of NPAs. As per these guidelines, loans are categorized into substandard, doubtful, and loss assets based on the period of default and the probability of recovery. Banks are required to classify and report NPAs accurately to ensure transparency and maintain the health of the banking system.
- Impact on Banks: NPAs have a significant impact on the financial health of banks. When loans turn into NPAs, banks face challenges in recovering the principal and interest, leading to a decline in profitability and capital erosion. It reduces the ability of banks to lend further, hampers their credit growth, and increases the cost of borrowing. High levels of NPAs can also weaken investor confidence in the banking sector.
- Measures for NPA Resolution: The Indian government and the RBI have implemented various measures to address the issue of NPAs and facilitate their resolution. These include initiatives like the Insolvency and Bankruptcy Code (IBC), asset reconstruction companies (ARCs), and schemes such as the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act. These mechanisms aim to expedite the resolution process, maximize recovery, and reduce the burden on banks.
- Asset Quality Review (AQR): In recent years, the RBI has conducted asset quality reviews to assess the true extent of NPAs in banks. These reviews involve comprehensive scrutiny of banks' loan portfolios, identification of stressed assets, and ensuring adequate provisioning. AQRs have helped in bringing greater transparency and recognition of NPAs, leading to improved risk management practices by banks.
- Recapitalization of Banks: The Indian government has undertaken measures to recapitalize public sector banks (PSBs) burdened with high levels of NPAs. These recapitalization efforts aim to strengthen the capital base of banks, enhance their lending capacity, and support economic growth. It is a step towards improving the overall health of the banking sector and enabling banks to deal with the NPA problem more effectively.
- Strengthening Loan Recovery Mechanisms: The Indian government has introduced reforms to strengthen loan recovery mechanisms and address the issue of willful defaulters. This includes stricter enforcement of the SARFAESI Act, amendments to the IBC to expedite the resolution process, and initiatives to enhance the capacity of ARCs in acquiring and resolving stressed assets.
- Focus on Preventive Measures: In addition to resolving existing NPAs, the RBI has emphasized the importance of preventive measures to minimize future NPA formation. It has introduced measures such as the implementation of early warning systems, robust credit risk assessment frameworks, and stress testing of banks' loan portfolios. These initiatives aim to proactively identify potential NPAs and take corrective

actions in a timely manner.

In conclusion, non-performing assets pose a significant challenge to the Indian banking sector. The government and regulatory authorities are undertaking various measures to address the issue, including reforms in loan recovery mechanisms, recapitalization of banks, and strengthening the resolution framework. These efforts are aimed at improving the overall asset quality of banks, restoring profitability, and ensuring the stability of the banking system.

However, resolving the NPA issue is a complex task that requires concerted efforts from multiple stakeholders. It involves improving the economic environment, addressing structural issues in specific sectors, promoting corporate governance and transparency, and enhancing risk management practices within banks.

Furthermore, the role of borrowers in the NPA problem cannot be overlooked. Encouraging responsible borrowing practices, promoting timely repayment, and fostering a culture of credit discipline are crucial for reducing the occurrence of NPAs in the future.

Overall, the management and resolution of NPAs in India remain a critical priority for the banking sector and the economy as a whole. By implementing effective measures, strengthening regulations, and fostering a proactive approach, the Indian banking industry can work towards reducing NPAs, improving asset quality, and ensuring long-term sustainability.

### 1.2 PRIVATE BANKING INDUSTRY

The private banking industry in India has experienced significant growth and development in recent years. Private banking refers to a specialized banking service that caters to high-net-worth individuals (HNWIs) and ultra-high-net-worth individuals (UHNWIs). These individuals typically have complex financial needs and require personalized wealth management and advisory services.

Private banking in India is primarily offered by both domestic and international banks, as well as a few specialized wealth management firms. These institutions have established dedicated private banking divisions to cater to the specific requirements of affluent clients. The industry has witnessed a surge in demand due to the increasing wealth and affluence of individuals in India.

Here are some key aspects of the private banking industry in India:

- Clientele: Private banks in India primarily target HNWIs and UHNWIs who have investable assets above a certain threshold, typically ranging from several crores to hundreds of crores of rupees. These clients often have diverse investment portfolios and require specialized advice on wealth management, estate planning, tax optimization, and other financial matters.
- Services: Private banks offer a wide range of services tailored to meet the unique needs of their affluent clients. These services include portfolio management, investment advisory, financial planning, estate planning, tax planning, philanthropy advisory, and access to exclusive investment opportunities such as private equity and real estate investments.
- Relationship Managers: Private banking clients are assigned dedicated relationship managers who act as their primary point of contact. Relationship managers are responsible for understanding clients' financial goals, risk tolerance, and preferences to offer personalized advice and tailored investment strategies. They build long-term relationships with clients and provide ongoing support and guidance.
- Wealth Management: Wealth management is a key component of private banking in India. Private banks provide comprehensive wealth management solutions to help clients preserve and grow their wealth. These solutions involve asset allocation, diversification, risk management, and investment selection across various asset classes, including equities, bonds, mutual funds, and alternative investments.
- Technology and Innovation: Private banks in India are increasingly leveraging technology to enhance client experience and streamline operations. They offer digital platforms and mobile applications that allow clients to access their account information, track investments, and communicate with their relationship managers. Robo-advisory services are also gaining popularity, providing automated investment recommendations based on algorithms and client preferences.
- Regulatory Framework: The private banking industry in India is regulated by the Reserve Bank of India (RBI) and the Securities and Exchange Board of India (SEBI). These regulatory bodies establish guidelines and norms to ensure compliance, transparency, and investor protection. Private banks are required to maintain high standards of due diligence, risk management, and anti-money laundering measures.
- Competition: The private banking sector in India is highly competitive, with both domestic and international players vying for a share of the affluent client base. Leading private banks in India include HDFC Bank, ICICI Bank, Axis Bank, Kotak Mahindra Bank, and international banks like Citibank, Standard Chartered, and HSBC.

In conclusion, the private banking industry in India has witnessed significant growth in recent years, driven by the increasing wealth of individuals and their need for specialized wealth management services. Private banks in India cater to the unique requirements of HNWIs and UHNWIs, offering personalized advice, wealth management solutions, and access to exclusive investment opportunities. The industry continues to evolve with the integration of technology and regulatory developments to meet the changing needs of affluent clients.

## 2. LITERATURE REVIEW

Agarwal, R., & Sinha, A. (2017). This study identifies the key determinants of NPAs in private sector banks in India. The authors employ a panel regression analysis to examine the impact of factors such as loan growth, capital adequacy, and profitability on NPAs. The findings indicate that rapid loan growth, inadequate capitalization, and weak profitability significantly contribute to the accumulation of NPAs.

Desai, A., & Joshi, H. (2016). This study examines the trends and causes of NPAs in Indian private banks. The authors analyse macroeconomic factors, such as GDP growth, interest rates, and inflation, as well as bank-specific factors, such as credit risk management practices. The findings suggest that poor credit appraisal, lax risk management, and economic downturns contribute to the rising NPAs in private banks.

Bandyopadhyay, G., & Das, S. (2018). Focusing on asset quality, this study explores the impact of various internal and external factors on NPAs in Indian private banks. The authors employ a multiple regression analysis to assess the influence of factors such as credit risk, financial leverage, and macroeconomic variables. The findings highlight the significance of credit risk management practices in mitigating NPAs.

Arora, A., & Yadav, V. (2019). This comparative study analyses the levels and composition of NPAs in selected Indian private banks. The authors examine the impact of factors such as loan portfolio concentration, provisioning practices, and asset-liability management on NPAs. The findings reveal variations in NPA levels among banks, emphasizing the importance of effective loan portfolio diversification and provisioning norms.

Gupta, M., & Sharma, M. (2020). Focusing on the Insolvency and Bankruptcy Code (IBC), this study compares the levels and recovery of NPAs in Indian private banks before and after the implementation of the IBC. The authors analyse the impact of the code on the resolution process and recovery rates. The findings suggest that the IBC has positively influenced NPA resolution, leading to improved recovery rates in the post-IBC period.

Chakrabarti, S., & Maitra, M. (2020). Focusing on the relationship between NPAs and profitability, this study examines the impact of NPAs on the financial performance of private sector banks in India. The authors employ regression analysis to analyse the association between NPAs and key profitability ratios. The findings suggest that higher NPAs adversely affect the profitability of private banks, underscoring the significance of efficient NPA management practices.

Prakash, R., & Pandey, A. (2016). This study explores the causes and potential solutions for NPAs in the Indian banking sector, with a focus on private banks. The authors identify factors such as improper credit appraisal, ineffective recovery mechanisms, and economic slowdown as major contributors to NPAs. The study emphasizes the need for proactive measures like strengthening credit monitoring and implementing effective recovery strategies to address the NPA issue.

Bhatia, R., & Sachdeva, R. (2019). This empirical study explores the management practices and strategies employed by private sector banks in India to tackle NPAs. The authors analyse data from selected banks and investigate the effectiveness of measures such as loan recovery mechanisms, restructuring and rehabilitation policies, and provisioning norms. The findings highlight the importance of a proactive approach to NPA management, including timely identification, resolution, and recovery measures.

Debnath, D., & Verma, S. (2018). This comparative analysis investigates the levels and composition of NPAs in Indian private sector banks. The authors examine the impact of bank-specific factors, such as capital adequacy, asset quality, management efficiency, and earnings, on the NPA levels. The study reveals variations in NPA levels among private banks, suggesting that banks with stronger financial indicators tend to have lower NPA ratios.

Tiwari, A., & Mishra, A. (2017). This study examines the impact of NPAs on the performance of private sector banks in India. The authors employ a panel data analysis to assess the relationship between NPAs and profitability indicators such as return on assets (ROA) and return on equity (ROE). The findings indicate that higher NPAs have a detrimental effect on the financial performance of private banks, highlighting the importance of effective NPA management.

## 3. RESEARCH METHODOLOGY

### 3.1 NEED OF THE STUDY

The need for investigating non-performing assets (NPAs) in India's private banking industry is of utmost importance due to the following reasons:

Economic Implications: NPAs pose significant risks to the financial stability of private banks and, consequently, to the overall economy. When NPAs increase, banks face capital erosion, reduced profitability, and constrained lending capacity, which can hinder economic growth. Understanding the causes and implications of NPAs in the private banking sector is essential for formulating effective policies and strategies to mitigate their adverse effects on the economy.

Investor Confidence: The presence of high levels of NPAs in private banks erodes investor confidence in the banking system. Investors and shareholders rely on the financial health and performance of banks to make informed investment decisions. Investigating NPAs helps identify the underlying factors contributing to their accumulation, enabling policymakers and bank management to take corrective measures and restore investor trust in the banking sector.

Risk Management: Effective risk management is crucial for the long-term sustainability of private banks. Investigating NPAs allows banks to identify weaknesses in their credit appraisal processes, risk assessment mechanisms, and recovery procedures. By understanding the causes of NPAs, banks can enhance their risk management frameworks, implement proactive measures to prevent NPAs, and develop effective strategies for NPA resolution.

Regulatory Compliance: The Reserve Bank of India (RBI), as the regulatory authority for banking in India, has implemented guidelines and norms to address the issue of NPAs. Investigating NPAs in the private banking industry helps assess the adherence of banks to these regulatory frameworks and identify areas where improvements are required. Compliance with regulatory guidelines is essential for maintaining financial stability, ensuring fair practices, and safeguarding the interests of depositors and stakeholders.

Comparative Analysis: Conducting a comprehensive study on NPAs in India's private banking industry enables a comparative analysis of different banks and their NPA management practices. By examining variations in NPA levels, factors influencing NPA ratios, and the effectiveness of different strategies, researchers can identify best practices that can be adopted by other banks to improve their NPA management and overall financial performance.

Policy Formulation: Investigating NPAs in the private banking industry provides valuable insights for policymakers and regulators in designing effective policies and interventions. Evidence-based research helps policymakers understand the root causes of NPAs, evaluate the impact of existing regulations, and develop targeted measures to address the challenges faced by private banks. This, in turn, promotes a healthy and resilient banking sector.

In conclusion, investigating non-performing assets in India's private banking industry is essential to address the economic implications, restore investor confidence, strengthen risk

management practices, ensure regulatory compliance, facilitate comparative analysis, and inform policy formulation. By understanding the dynamics of NPAs, stakeholders can work towards building a robust banking sector that fosters economic growth and stability.

### 3.2 RESEARCH OBJECTIVES

1. To analyse the NPA of selected private sector banks of India.
2. To compare the NPA of selected private sector banks of India.

### 3.3 SOURCES OF DATA

When investigating non-performing assets in India's private banking industry, the following secondary sources of data collection has been considered:

Reports and Publications: Accessing reports and publications from regulatory bodies, such as the Reserve Bank of India (RBI) and Securities and Exchange Board of India (SEBI), can provide valuable information on non-performing assets in the private banking industry. These reports often include statistics, analysis, and insights related to NPAs.

Financial Statements: Examining the financial statements of private banks in India can provide insights into their loan portfolios, asset quality, and NPA ratios. Banks publish annual reports, quarterly reports, and other financial disclosures that can be obtained from their official websites or regulatory databases.

Research Papers and Studies: Academic research papers, industry studies, and market research reports related to India's private banking sector can offer valuable insights into non-performing assets. These papers may include analysis of NPAs, risk management practices, and trends in the industry.

News Media: Keeping up with news articles, reports, and interviews from reputable financial news sources can provide real-time information on NPAs in India's private banking industry. Major business newspapers, websites, and television channels often cover NPA-related developments and provide expert opinions.

Government Data: Government agencies and departments may provide datasets and statistical information on non-performing assets. The RBI, for example, publishes data on NPAs in its regular reports and databases, which can be accessed through their official website.

Industry Associations: Professional associations and organizations related to the banking sector, such as the Indian Banks' Association (IBA), may publish reports, guidelines, and research papers on NPAs. These resources can provide industry-specific insights and analysis.

Rating Agencies: Credit rating agencies, such as CRISIL, ICRA, and CARE Ratings, often publish research reports and studies on the banking industry, including analysis of non-performing assets. These reports can offer a comprehensive view of NPAs across various banks.

Company Filings: Publicly listed private banks are required to file regular financial disclosures with stock exchanges. These filings, including annual reports, can provide information on NPAs and the banks' efforts to manage them.

It is important to ensure that the sources of data collection are reputable, up-to-date, and relevant to the study. Care should be taken to analyse and interpret the data appropriately, considering any limitations or biases associated with secondary sources.

### 3.4 SAMPLE OF THE STUDY

Below mentioned 5 private sector banks taken under study

1. Axis Bank Ltd
2. HDFC Bank Ltd
3. ICICI Bank Ltd
4. IndusInd Bank Ltd
5. Kotak Mahindra Bank Ltd

### 4. DATA ANALYSIS

**1. Gross NPA of Private Banks**

| PRIVATE BANKS | | | | | |
|---|---|---|---|---|---|
| GROSS NPA | | | | | |
| YEAR | Axis Bank Ltd | HDFC Bank Ltd | ICICI Bank Ltd | IndusInd Bank Ltd | Kotak Mahindra Bank Ltd |
| 2021-22 | 21822.32 | 16140.96 | 33294.92 | 5517.15 | 6469.74 |
| 2020-21 | 25314.84 | 15086.00 | 40841.42 | 5794.99 | 7425.51 |
| 2019-20 | 30233.82 | 12649.97 | 40829.09 | 5146.74 | 5026.89 |
| 2018-19 | 29789.00 | 11224.16 | 45676.04 | 3947.41 | 4467.94 |
| 2017-18 | 34248.64 | 8606.97 | 53240.18 | 1704.91 | 3825.38 |
| 2016-17 | 21280.48 | 5885.66 | 42159.39 | 1054.87 | 3578.61 |
| 2015-16 | 6087.51 | 4392.83 | 26221.25 | 776.82 | 2838.11 |
| 2014-15 | 4110.19 | 3438.38 | 15094.69 | 562.92 | 1237.23 |
| 2013-14 | 3146.41 | 2989.28 | 10505.84 | 620.79 | 1059.44 |
| 2012-13 | 2393.42 | 2334.64 | 9607.75 | 457.78 | 758.11 |

| AVERAGE VALUE OF GROSS NPA | | |
|---|---|---|
| TYPE OF BANK | BANK NAME | AVERAGE VALUE |
| PRIVATE BANK | Axis Bank Ltd | 17842.663 |
| | HDFC Bank Ltd | 8274.885 |
| | ICICI Bank Ltd | 31747.057 |
| | IndusInd Bank Ltd | 2558.438 |
| | Kotak Mahindra Bank Ltd | 3668.696 |

**Interpretation**

Based on the above Gross NPA table it is concluded that, ICICI Bank Ltd has highest Gross NPA value while IndusInd Bank Ltd has lowest Gross NPA value amongst selected private sector banks. From the above average value of Gross NPA table, it can be concluded that in private sector banks, ICICI Bank Ltd has highest average value of Gross NPA with value 31747.057. IndusInd Bank Ltd has lowest average value of Gross NPA with value 2558.438.

| Anova: Single Factor | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | |
| SUMMARY | | | | | | |
| *Groups* | *Count* | *Sum* | *Average* | *Variance* | | |
| Axis Bank Ltd | 10 | 178426.6 | 17842.663 | 158924989 | | |
| HDFC Bank Ltd | 10 | 82748.85 | 8274.885 | 27067884 | | |
| ICICI Bank Ltd | 10 | 317470.6 | 31747.057 | 242349812 | | |
| IndusInd Bank Ltd | 10 | 25584.38 | 2558.438 | 5130057.9 | | |
| Kotak Mahindra Bank Ltd | 10 | 36686.96 | 3668.696 | 5150808.2 | | |
| | | | | | | |
| | | | | | | |
| ANOVA | | | | | | |
| *Source of Variation* | *SS* | *df* | *MS* | *F* | *P-value* | *F crit* |
| Between Groups | 5931647066 | 4 | 1482911766 | 16.904151 | 1.57715E-08 | 2.578739 |
| Within Groups | 3947611961 | 45 | 87724710.2 | | | |
| | | | | | | |
| Total | 9879259027 | 49 | | | | |

H0 = There is no significant difference in Gross NPA between selected private sector banks of India.
H1 = There is significant difference in Gross NPA between selected private sector banks of India.

**Interpretation**
From above table for 4 and 45 degree of freedom
Fcal is 16.90 and Ftab is 2.578

Thus, Fcal>Ftab and p-value is smaller than specified α of 0.05

So, null hypothesis is rejected and it is concluded that there is significant difference in Gross NPA between selected private sector banks of India.

### 2. Net NPA of Private Banks

| PRIVATE BANKS | | | | | |
|---|---|---|---|---|---|
| NET NPA | | | | | |
| YEAR | Axis Bank Ltd | HDFC Bank Ltd | ICICI Bank Ltd | IndusInd Bank Ltd | Kotak Mahindra Bank Ltd |
| 2021-22 | 5512.16 | 4407.68 | 6931.04 | 1529.83 | 1736.71 |
| 2020-21 | 6993.52 | 4554.82 | 9117.66 | 1476.57 | 2705.17 |
| 2019-20 | 9360.41 | 3542.36 | 9923.24 | 1886.58 | 1557.89 |
| 2018-19 | 18351.00 | 3214.52 | 13449.72 | 2248.28 | 1544.37 |
| 2017-18 | 16592.00 | 2601.02 | 27823.56 | 745.67 | 1665.05 |
| 2016-17 | 8626.60 | 1843.99 | 25216.81 | 438.91 | 1718.07 |
| 2015-16 | 2522.14 | 1320.37 | 12963.08 | 321.75 | 1261.96 |
| 2014-15 | 1316.71 | 896.28 | 6255.53 | 210.48 | 609.08 |
| 2013-14 | 1024.62 | 820.03 | 3297.96 | 184.05 | 573.56 |
| 2012-13 | 704.13 | 468.95 | 2230.56 | 136.76 | 311.41 |

| AVERAGE VALUE OF NET NPA | | |
|---|---|---|
| TYPE OF BANK | BANK NAME | AVERAGE VALUE |
| PRIVATE BANK | Axis Bank Ltd | 7100.329 |
| | HDFC Bank Ltd | 2367.002 |
| | ICICI Bank Ltd | 11720.916 |
| | IndusInd Bank Ltd | 917.888 |
| | Kotak Mahindra Bank Ltd | 1368.327 |

**Interpretation**
Based on the above Net NPA table it is concluded that, ICICI Bank Ltd has highest Net NPA value while IndusInd Bank Ltd has lowest Net NPA value amongst selected private sector banks. From the above average value of Net NPA table it can be concluded that in private sector banks, ICICI Bank Ltd has highest average value of Net NPA with value 11720.916. IndusInd Bank Ltd has lowest average value of Net NPA with value 917.888.

| Anova: Single Factor | | | | | | |
|---|---|---|---|---|---|---|
| | | | | | | |
| SUMMARY | | | | | | |
| *Groups* | *Count* | *Sum* | *Average* | *Variance* | | |
| Axis Bank Ltd | 10 | 71003.29 | 7100.329 | 39875138 | | |
| HDFC Bank Ltd | 10 | 23670.02 | 2367.002 | 2292573.2 | | |
| ICICIBank Ltd | 10 | 117209.2 | 11720.916 | 74422335 | | |
| IndusInd Bank Ltd | 10 | 9178.88 | 917.888 | 628718.93 | | |
| Kotak Mahindra Bank Ltd | 10 | 13683.27 | 1368.327 | 504071.48 | | |
| | | | | | | |
| | | | | | | |
| ANOVA | | | | | | |
| *Source of Variation* | *SS* | *df* | *MS* | *F* | *P-value* | *F crit* |
| Between Groups | 859020062 | 4 | 214755015 | 9.1212131 | 1.74731E-05 | 2.578739 |
| Within Groups | 1059505527 | 45 | 23544567.3 | | | |
| | | | | | | |
| Total | 1918525589 | 49 | | | | |

H0 = There is no significant difference in Net NPA between selected private sector banks of India.
H1 = There is significant difference in Net NPA between selected private sector banks of India.

**Interpretation**
From above table for 4 and 45 degree of freedom
Fcal is 9.12 and Ftab is 2.578

Thus, Fcal>Ftab and p-value is smaller than specified α of 0.05

So, null hypothesis is rejected and it is concluded that there is significant difference in Net NPA between selected private sector banks of India.

## 5. CONCLUSION

The average value of gross NPAs for Axis Bank Ltd is 17,842.663. This indicates that Axis Bank has a relatively higher average level of NPAs compared to the other private sector banks in the study. HDFC Bank has an average value of gross NPAs at 8,274.885. Although it is lower than Axis Bank, it still signifies a considerable level of NPAs for HDFC Bank. ICICI Bank exhibits the highest average value of gross NPAs among the selected private banks, standing at 31,747.057. This suggests that ICICI Bank faces a significant NPA burden, which may impact its financial performance and risk management strategies. IndusInd Bank has a comparatively lower average value of gross NPAs at 2,558.438. This indicates that IndusInd Bank has been relatively successful in managing and controlling its NPAs compared to the other private banks in the study. Kotak Mahindra Bank has an average value of gross NPAs at 3,668.696. While it is higher than IndusInd Bank, it remains relatively lower than Axis Bank and ICICI Bank, implying a moderate NPA level for Kotak Mahindra Bank.

The average value of net NPAs differs significantly among the listed private banks. This indicates variations in the quality of asset management and loan portfolios across these banks. ICICI Bank Ltd stands out with the highest average value of net NPAs, amounting to 11,720.916. This suggests a relatively higher level of non-performing loans compared to other private banks. Axis Bank Ltd and Kotak Mahindra Bank Ltd have notable average values of net NPAs, with 7,100.329 and 1,368.327, respectively. This suggests a moderate level of non-performing loans in their portfolios. HDFC Bank Ltd and IndusInd Bank Ltd exhibit comparatively lower average values of net NPAs, at 2,367.002 and 917.888, respectively. This implies a relatively better asset quality and lower incidence of non-performing loans. The variations in the average value of net NPAs highlight the significance of robust asset quality management practices. Banks with lower net NPAs demonstrate better loan recovery, risk assessment, and provisioning practices.

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